

WISCONSIN DEPARTMENT OF NATURAL RESOURCES INTENDED USE PLAN
SAFE DRINKING WATER LOAN PROGRAM
Covering Funding During State Fiscal Year 2004 and
For Receipt of the EPA Federal Fiscal Year 2003
Capitalization Grant

I. INTRODUCTION

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) which identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2003 Capitalization Grant funds. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The IUP is part of Wisconsin's capitalization grant application package for FFY 2003 funds.

II. DESCRIPTION OF THE INTENDED USE PLAN

This IUP provides a description of the short- and long-term goals of the Safe Drinking Water Loan Program (SDWLP), including how the uses of the various set-aside accounts contribute to reaching those goals. It includes the criteria and methods established for the distribution of funds, details on the activities which are being funded from the set-aside accounts, and the financial status of the fund. Attachments to the IUP include the list of projects which applied for funding for State Fiscal Year (SFY) 2004, with the fundable range delineated, and a list of all projects with valid Intent to Apply forms, in priority order.

III. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

1. Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project located within the State and the debt obligation was incurred after July 1, 1993.
2. Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
3. Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 5.000%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1st and November 1st while principal payments are required annually on May 1st.

A local governmental unit may receive financial assistance for projects with the following purposes:

1. Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
2. Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
 - a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
 - b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
 - c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
 - d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
3. Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.
4. Purchase a portion of another public water system's capacity if it is the most cost effective solution.
5. Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
6. Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

IV. SHORT AND LONG TERM GOALS

A. Short-term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Develop effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Initiate efficient delineation and assessment of public water supply source water areas;
- Implement Wisconsin's Source Water Assessment Program Plan.

B. Long-term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Evaluate the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are operated properly;
- Use source water area assessments as a basis for protecting public water supplies.

V. Financial Status of DWSRF

Funds available during SFY 2004 and their intended uses include the following:

FFY 2003 Capitalization Grant	\$15,850,700
20% State Match	3,170,140
Funds carried over from SFY 2003	<u>19,719,121</u>
Total Amount for SFY 2004	\$38,739,961
Set-aside Amounts:	
Administration	\$634,028
Wellhead Protection	\$319,719
Technical Assistance	\$317,014
Capacity Development	\$0
Operator Certification	\$0
State Program Mgmt.	<u>\$1,585,070</u>
Total Amount of Set-asides	\$2,855,831
Loan Fund	\$35,884,130

Notice of Intent to Apply (ITA) forms for SFY 2004 funding were due by December 31, 2002. The project priority list for SFY 2004 funding totals \$139,048,348 for 83 projects. Applications for SFY 2004 funds were due by April 30, 2003. The DNR received 26 applications totaling \$34,020,304 in project needs. The project priority list of all projects with a valid ITA form, is Attachment A to this IUP. The draft funding list which shows all applicants and designates those projects which are in the fundable range is Attachment B to this IUP, (Attachment B was published in *Loan Interests* #127 in March 2003). Funds not used during SFY 2004 will be added to the SFY 2005 or 2006 funding list.

VI. Transfer of Funds from CWSRF to DWSRF

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to 33% of the Drinking Water Capitalization Grants.

The increases to the SDWLP resulting from these transfers did not immediately result in an increase in loan funds available. Due to Federal regulations that restrict the rate at which monies can be disbursed for refinanced projects, the transferred monies were first being used to fund refinancing projects. Without the availability of the transferred funds, refinanced projects would have been forced to receive their loan funds over eight calendar quarters, or two years. In each quarter a separate loan closing would have had to occur which would have significantly increased the cost to the communities. The transfer of these funds was first to prevent delays in funding and after that, to increase loan funds available in the program.

During SFY 2004 the State will be adding \$19,719,121 in unused funds from SFY 2003. Of this amount, \$10,000,000 was from transferred funds.

VII. Method and Criteria for Distribution of Funds

The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

Wisconsin's priority scoring and ranking criteria gives first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer term health risks to consumers, such as organic chemical contamination. The scoring criteria also considers issues that are related to infrastructure upgrading or replacement to address those projects (or portions of a project) which are eligible for funding but not included in the first two sections.

Projects will be granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income less than or equal to 80% of the State's median household income to qualify for any points related to financial need.

The DNR will maintain a project priority list which ranks the projects for which a priority score has been determined. The projects will be ranked in order of descending priority with the highest ranked project first. In case of two or more projects having the same priority score, the project serving the largest population shall have highest priority. An annual funding list will be developed consisting of all projects that submit complete applications by the April 30, 2003 application deadline. Projects will be listed on the funding list in the same order they appeared on the priority list. The fundable range will be established in priority order, except when ranking the projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people will be given priority until the 15% funding allocation requirement is met.

Once the fundable range of the funding list has been established, loans may be made to any project in that range in any order. Projects on the funding list may be removed from the funding list, upon written notice by the department, if any of the following situations occur:

1. requirements of s. NR 166.10, Wis. Adm. Code, are not met;
2. a project is canceled or the funding request is withdrawn by the applicant;
3. the DNR determines that the applicant is unable to proceed with construction of the project in the fiscal year in which funds are requested;
4. the project failed to meet the engineering review requirements or does not have DNR approval;
5. the applicant has reached the 25% biennial present value subsidy cap, (in any biennium, no local governmental unit may receive more than 25% of the present value subsidy approved for that biennium);
6. the DOA is not satisfied that the local governmental unit has the financial capacity, as described in ch. Adm 35, Wis. Adm. Code, to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations it issues for the project;
7. Federal or State refinancing or reimbursement restrictions prevent funding.

VIII. Set-aside Activities

1. Source Water Assessment Program (SWAP)

A. Background on Funding and Timeline

The State of Wisconsin's FFY 1997 Capitalization Grant funds totaled \$41,546,400. Of this amount, up to 15% was available to be used on SDWA Sec. 1452(k) activities. A maximum of 10% could go to any one activity, such as source water area delineations and assessments. Due to the one-time availability (FFY 1997 only) of funding for source water area delineations and assessments, the State set aside the entire \$4,154,640 (10%). Through April 25, 2003, the State has had a total of four years in which to obligate this money or transfer it to the Wellhead Protection (WHP) set-aside account. There is no additional state match requirement for this money.

Wisconsin's SWAP plan was approved by EPA in November 1999. A request for an 18-month extension, because of workload and logistical problems, was granted giving a completion deadline of May 6, 2003. Due to unforeseen delays in completing assessments and changes in assessment delivery policy, this deadline was not attainable. The DNR has worked with EPA to revise its timeline for completion of assessments. The current timeline gives Wisconsin until December 2004 to completed the SWAP. SWAP activities after April 25, 2003 will be supported by transferred SWAP funds, carried over SFY 2003 and SFY 2004 WHP funds, all through the WHP set-aside account.

B. Program Progress in SFY 2003

SWAP activities in SFY 2003 included the following:

- Regional hydrologic flow modeling projects to delineate capture zones for municipal wells in La Crosse and the seven South East Wisconsin Regional Planning Commission (SEWRPC) counties will be completed by the end of SFY 2003. The more complex modeling project in the karst area of Pierce and St. Croix Counties will extend into SFY 2004.
- Potential contaminant source locations continued to be collected and updated in SFY 2003. Potential contaminant source inventories are also being completed for other-than-municipal community systems. Nearly all (95+%) of the noncommunity system's potential contaminant sources have been located.
- A SWAP/Vulnerability Assessment Arcview project has been developed, enhanced, and is in use by SWAP staff.
- Coordinated efforts with several DNR programs on a statewide basis to collect digital location information for active landfills, WPDES-permitted facilities, outfalls and lagoons were completed in SFY 2003. Other efforts are continuing to collect and update locations of Environmental Response and Repair sites, leaking underground storage tanks, large quantity hazardous waste licensed facilities and generators, closed wastewater seepage ponds (as possible), closed wastewater treatment plants (as possible), closed solid waste landfills (as possible), Superfund sites, and RCRA cleanup sites.
- Surface water system assessments for all 19 surface water systems were completed and are being delivered to the systems and the public. The 15 Great Lakes assessments are being completed according to the Great Lakes Surface Water Systems Assessment Protocol finalized last year with the other Great Lakes states and EPA Region 5.
- A computer application to automate SWAP susceptibility determinations has been developed, enhanced, and is in use.
- Progress continues in resolving discrepancies between DNR databases such as non-unique or duplicate well numbers, well depth discrepancies, FID number discrepancies, and entering missing wells.
- SWAP staff continue to use the index of over 350,000 scanned well construction reports to search for and find images of well construction reports for public wells. This provides information necessary to make susceptibility determinations.
- In April 2003 the first assessments for municipal groundwater systems were completed. It is expected that about 100 of these assessments will be completed by June 30, 2003.

C. Program Plans for SFY 2004

In SFY 2004 Wisconsin will continue completing its source water assessments and promoting source water protection. Wisconsin will also continue to work cooperatively with EPA Region 5 states, and EPA to develop common approaches to shared concerns such as SWAP/SWP/WHP reporting.

It is estimated that \$263,040 of SWAP funds will be unspent at the end of SFY 2003. These funds were transferred to the WHP set-aside account as of April 25, 2003, the end date for SWAP funding, and will be used to continue SWAP efforts. As the funds for Source Water Assessments were a one-time only set-aside, no additional funds can be requested through the SWAP set-aside. However, wellhead protection set-aside funds can be used to complete source water assessments. This is appropriate because SWAP and WHP goals are the same and SWAP staff will be promoting and supporting WHP efforts. Wisconsin will request these WHP funds to continue to complete source water assessments and promote source water protection (i.e. WHP). That request and a description of the SWAP and WHP work to be completed are under the WHP set-aside section below.

2. Wellhead Protection

A. Background on Funding and Timeline

The DNR originally requested \$120,000 in wellhead protection set-aside funds. The original plan was for 50% to be spent on information and education activities and 50% to be used for data integration. In a May 2001 letter to EPA, the DNR reported that it planned to use all \$120,000 for information and educational activities. Through SFY 2002, the wellhead protection set-aside funds have been used for a contract with the US Geological Survey for wellhead protection delineations in the Lower Fox River Valley to assist the source water assessment effort, production and distribution of a wellhead protection video to municipalities, a contract with the Central Wisconsin Groundwater Center (CWGC) to hire a

Statewide Groundwater Guardian Coordinator and six teacher workshops on groundwater protection at which groundwater sand tank models were given to 48 schools.

B. Program Progress in SFY 2003

During SFY 2003, the DNR's Groundwater Section worked with the CWGC and the Wisconsin Geological and Natural History Survey to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model. The Section spent \$11,700 of set-aside money on 24 groundwater models (which were given to teachers), substitute teachers, and other equipment used in the workshops. The contract with the CWGC for a Statewide Groundwater Guardian Coordinator was completed; DNR had provided \$33,100 to this effort to promote the Groundwater Guardian program in Wisconsin. The remainder of the original \$120,000 WHP set-aside money (approximately \$14,000) will be spent on teacher workshops in SFY 2004.

Last year the DNR requested and received \$327,968 in WHP set-aside funds for SFY 2003 for SWAP and WHP activities. Of that amount, \$277,968 was to be used to fund positions in each DNR Region to finish the assessment work and segue into WHP activities. The remaining \$50,000 was to be used to begin evolving the SWAP mapping and susceptibility tools into WHP mapping and database applications. These tools will provide needed information for implementation of WHP/SWP. These activities (described in the SWAP section above) were supported with funds remaining in the SWAP account so the \$327,968 will be carried over in the WHP set-aside account to support SFY 2004 SWAP and WHP activities.

C. Program Plans for SFY 2004

The following SWAP and WHP activities are planned for SFY 2004:

- Assessments for all municipal systems will be completed and hand-delivered to system operators. Meetings with systems operators will be used to explain the assessment and the sensitive nature of the well location information, and promote wellhead protection planning based on the results of the assessments.
- Most (approximately 90%) of assessments for other-than-municipal (OTM) community and non-transient non-community (NTNC) systems will be completed and made available to the systems upon request.
- Some assessments for transient non-community (TNC) systems will be completed and made available to the systems upon request.
- Brief summaries of all the above assessments and complete assessments for surface water systems will be made available on the Internet.
- Efforts to characterize groundwater resources will continue by maintaining current hydrogeologic models and supporting water table mapping efforts in areas where most cost-effective.
- A Statewide Groundwater Guardian Coordinator position will be supported at the Central Wisconsin Groundwater Center.
- Programming efforts will continue to enhance the automated SWAP/WHP/SWP/vulnerability assessment and mapping tools for use by DNR staff.
- The well database redesign project will be started. This project will improve the connectivity and usefulness of several well databases that are needed for comprehensive wellhead protection.

The total cost of the above activities will be approximately \$910,000. Most of the activities can be supported by: 1) the approximately \$263,040 of unspent SWAP funds carried over from SFY 2003 (see SWAP section above); and 2) the \$327,968 unspent from the SFY 2003 WHP set-aside.

Please note that budget calculations for the SFY 2004 WHP set-aside request include maintaining two project positions through December 2004 (SFY 2005). Support for one of these positions is being included in the SFY 2004 request. Funds are being requested at this time to ensure that there will be minimal resources to complete core SWAP duties in the event that the SRF is not reauthorized for SFY 2005.

Items to be funded by the SFY 2004 WHP set-aside request:

Item	Salary	Fringe	Supplies/ Services	Indirect (22.9%)	Total
IS Data Services Professional (1.5 years)	\$52,104	\$21,264	\$7,050	\$16,801	\$97,219
Contracts for groundwater resource characterization including hydrogeologic model maintenance and water table mapping					\$45,000
Contracts for Groundwater Guardian position at Central Wisconsin Groundwater Center.					\$45,000
Contracts for SWAP/WHP/SWP mapping and data applications					\$50,000
Contract(s) for well database redesign					\$82,500
Total					\$319,719

Therefore, the DNR is requesting an additional \$319,719 to fund the above activities to complete source water assessments and to work with communities on WHP planning.

3. Technical Assistance

The DNR has requested the 2% for small systems technical assistance set-aside every year except SFY 2000. These funds have been used for contracts to address a variety of technical assistance needs for small systems. During SFY 2002 and 2003, two projects were continued using the technical assistance set-aside.

- One-On-One Assistance to OTM systems and NTNC Systems
- Coalitions of Learning, Education, and Assistance

The current One-On-One Assistance contract ends June 2003 and the Coalitions contract will end September 2003. Sufficient staff was not available to start an effort for online training this year, but it is still planned for next year.

The intent is to renew the One-on-One Assistance to OTM and NTNC systems contract and also renew the contract for the Coalitions of Learning, Education, and Assistance. There is also a plan to design online training for small systems. During SFY 2004, \$317,014 in technical assistance set-aside funds is being requested.

A. One-On-One Assistance to Other-Than-Municipal Systems and Non-Transient Non-Community Systems:

Currently, the Wisconsin Rural Water Association is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Some topics being covered are monitoring, follow-up monitoring, sanitary surveys, consumer confidence reports, and operator certification. This contract can be renewed in one-year increments. Starting in July 2003, this contract will be renewed for another year. The topics to be stressed in the next contract are vulnerability assessments, sanitary surveys, and operator certification.

B. Coalitions of Learning, Education, and Assistance:

A contract was awarded to the Wisconsin Section of the American Water Works Association to establish 12-20 coalitions of small system operators throughout the State that would meet one to two hours monthly or bi-monthly. This program is geared towards small municipal, OTM and NTNC systems. The intent of the coalition groups is to establish forums where operators may discuss issues in an informal setting, network with other communities and systems in the same area, share ideas and possibly equipment, and receive information on the new EPA regulations and discuss their implications. This contract will end in September 2003 and it will be renewed at that time.

C. Online Training For Small Systems:

Preliminary ideas are being looked at for designing online training for small systems. This training would be available via the Bureau of Drinking Water and Groundwater web site.

4. Capacity Development

Since September 1, 1999, the DNR has been creating and implementing an effective capacity development program to ensure that new and existing public water systems demonstrate technical, managerial, and financial capacity. New community water systems and NTNC water systems have undergone capacity evaluations. Existing systems have received guidance prepared to help them reach and maintain capacity. The DNR's sanitary survey process is currently being revised to include capacity evaluations for existing systems. A Capacity Development Annual Status Report was sent last year to EPA on October 31, 2002, and a status report was sent to the Wisconsin Governor on September 30, 2002. This year, a report will be sent to EPA by October 31, 2003.

Subchapter IX of ch. NR 809, Wis. Adm. Code, requires "capacity evaluations" for all new community and NTNC water systems prior to construction. As of April 8, 2002, 49 systems have undergone capacity evaluations. Sixteen of these systems were community systems and 33 were NTNC water systems.

The Capacity Development Coordinator has created and updated guidance aimed at helping water systems reach and maintain capacity. In the past year, a general Capacity Development Annual Status Report intended for the Governor and people of the State was created. This fact sheet, along with other Capacity Development guidance and information is posted at <http://www.dnr.state.wi.us/org/water/dwg/CapDev/CapDevIndex.htm>. Updates to the Capacity Development program have been included in routine newsletters to DNR staff.

The Capacity Development Coordinator has played a lead role in the development of a revised sanitary survey process that would incorporate an existing system capacity evaluation. The DNR has modified the drinking water data system to include water system data and sanitary survey evaluations. As part of a revised sanitary survey process, these data and evaluations will aid the DNR in targeting systems for assistance, identifying statewide issues, making policy decisions, and reporting to other agencies. Additionally, enhancements to the sanitary survey are being made to ensure that the DNR addresses the requirements of the proposed Groundwater Rule. Guidance has been created that will help DNR staff carry out the revised sanitary survey. Several inspectors have conducted surveys using the new process on a pilot basis. One-on-one training focusing on the details of the new process is ongoing. Updates and ongoing coordination of the new sanitary survey process will be conducted by the Capacity Development Coordinator. Proposed comprehensive training of DNR staff will aim to standardize the sanitary survey process.

A Capacity Development Annual Status Report will be completed and sent to EPA by October 31, 2003.

No additional funds for Capacity Development are being requested at this time.

5. Operator Certification

Following nearly a year of curriculum and course development, the Wisconsin small system operator training program delivered its first classes in March 2002. In addition to the training classes, the DNR funded development of online operator certification training based on the course curriculum developed for classroom training. Both online and classroom training have been extremely well received. As of March 2003, 18 training sessions have been offered around the State with 560 attendees. Approximately 1,550 OTM and NTNC public water systems will need to have a certified operator or contract with a certified operator by March 2005.

The contract with the Wisconsin Water Association (formerly, Wisconsin Section – AWWA) calls for an additional 16 training sessions to be delivered during the remainder of calendar year 2003. Feedback is received from each class through the use of mandatory comment sheets from the training attendees. After each training session, a small system certification examination is offered. Training session attendance is not required to take the examination, but to date, only class attendees have opted to take the certification exam.

Exam questions were evaluated for adequacy, relevance, and content by an independent panel of water industry professionals and by DNR staff. Exam results are analyzed by the University of Wisconsin to determine if any test questions appear to be statistically invalid. At this point in the process, no particular problems have been identified either from classroom participant's comments or from evaluation of test results. It is intended however, to continue to analyze classroom session feedback and test results to insure a high quality training and testing program.

The DNR expects to continue with the current training contract for two more calendar years (beyond calendar year 2003) and at that time will evaluate the need to continue to provide DNR-funded training sessions for the small system operator certification program. If a need continues to exist, it is likely that a request will be made for additional funds from the next year's budget or the Operator Certification Expense Reimbursement Grant for that purpose. We anticipate previously set aside operator certification funds will be adequate to cover costs until then.

No additional funds for Operator Certification are being requested at this time.

5. State Program Management

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every 5 years for some system types). Six positions are currently assigned to these tasks. The activities will be similar to existing staff positions for Water Supply Specialists and engineers. An additional permanent position is being requested to continue the existing capacity development activities and to address program administration needs. This request is an extension of the SFY 2001 set-aside request.

The 10% set-aside for state program management will be utilized for the positions listed above. The full \$1,585,070 is being requested. This set-aside contains a dollar for dollar state match requirement which is being met through state overmatch funds from the Public Water System Supervision (PWSS) grant.

Engineering (One position, currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position will correspond with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The time break down of activities is as follows:

- 65% Engineering surveillance of municipal, OTM, and NTNC water systems.
- 15% Provision of technical assistance to municipal, OTM, and NTNC water systems.
- 10% Enforcement activities for municipal, OTM, and NTNC water systems.
- 10% Provision of training and information to public water system owners/operators, DNR staff and other agencies.

Water supply/program specialists (Four positions, currently staffed): Responsible for implementing the SDWA program for community, OTM, NTNC, and TNC systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The time break down of activities is as follows:

- 65% Surveillance of OTM, NTNC, and TNC water systems.
- 10% Enforcement activities for OTM, NTNC, and TNC water systems.
- 15% Provision of technical assistance to systems owners/operators.
- 10% Provision of training and information to public water system owners/operators, DNR staff and other agencies.

SDWA coordination and evaluation (One position, currently staffed): Responsible for: (1) coordinating implementation activities necessary to insure statewide consistency of the Safe Drinking Water (SDW) program, and (2) acting as the statewide coordinator for enforcement of the SDW program. Activities include: electronically monitor and analyze statewide SDW program reports, develop and implement procedures to measure program implementation consistency statewide, devise procedures and policies to enhance consistency and provide training to field and central office staff; monitor and coordinate SDW enforcement procedures statewide. The time breakdown of activities is as follows:

- 30% Measure consistency of SDW program implementation. statewide. Develop policies, procedures, and training to optimize program consistency.
- 30% Monitor statewide enforcement of the SDW program. Develop and implement policies and procedures to standardize enforcement procedures, program staff and the regulated community.
- 25% Data management and coordination for SDW program.
- 10% Develop and deliver training and information to DNR Drinking Water and Groundwater Program staff, the regulated community and the public regarding new regulations, policies and procedures, and general program operation.
- 5% Drinking water code review and revisions to drinking water act code.

The approximate staff budget for the 6 additional positions described in the preceding three sections is \$340,232 per year. The funds will be utilized over 2 years following expenditures of the 2002 set-aside funds. All of the positions have been filled.

Capacity Development Coordination and Inspection Coordination (One position currently being converted from a project position into a permanent position with expanded duties): In order to address the regulatory burden imposed by upcoming regulations it will be necessary to address the administrative shortfall. To accomplish this it is proposed to redesign the current Capacity Development Coordinator position to fill the administrative shortfall associated with sanitary surveys and inspections. The capacity development position is a project position that expired in May 2003. It is anticipated that the DWSRF will be extended through 2010 and although the Capacity Development program development work will be complete by May 2003 there will be ongoing program administration, maintenance and reporting responsibilities. The combination of sanitary survey and inspection administration activities and the Capacity Development activities will require 1 FTE. The time breakdown of the activities is as follows:

- 30% Development and Maintain inspection guidance.
- 20% Evaluate and coordinate inspection activities
- 30% Coordinate and administer capacity development activities
- 10% Conduct inspections and training
- 10% Document and report capacity development activities

A position request for a permanent FTE is being submitted for approval. Cost for this FTE is anticipated at \$58,363 per year.

Review of plans and specifications for water main extensions (One LTE position, currently staffed): Due to budget shortfalls the DNR's student intern program will be eliminated. In order to accommodate the workload a limited term employee has been hired in replacement of the intern position. Total cost per year \$16,370. 100% of the activities are related to the review of plans and specifications for water main extensions.

Contractual program management activities. In addition to the realignment of positions other budgetary shifts will be necessary to continue core program activities. These include funding of additional county inspection contracts for the inspection of non-community water systems, funding the record storage for plan approval decisions, data entry, data system programming, and funding of a student intern to complete reviews of non-complex water facilities including water mains. The total associated costs for these activities across two years are anticipated to be:

County inspection contracts	\$330,000
Record storage	\$30,000
Data Entry	\$15,054
Data System Programming	\$100,000

The total cost for all activities funded under this set-aside will be \$1,585,070. These funds will be expended across the biennium following expenditure of the 2002 set-aside.

IX. Disadvantaged Communities

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate; local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

1. the local governmental unit's population must be less than 10,000; and
2. the local governmental unit's median household income (MHI) must be 80% or less of the State's MHI.

Although Federal regulations allow for up to 30% of the Capitalization Grant to be used for loan subsidies, Wisconsin will not be making loan subsidies below a further reduced interest rate in order to preserve as much of the loan monies as possible to meet the high demand for assistance. As Wisconsin's disadvantaged communities program is not offering principal subsidies, there is no limit on how many communities may qualify.

X. Public Participation Process

Public participation in the set-aside activities is as described in Section VIII above. This IUP is being distributed to the public in the publication *Loan Interests*, no. 129, in June 2003. The IUP is also accessible through the Bureau of Community Financial Assistance web page at www.dnr.state.wi.us/org/caer/cfa/cfindex.html. A public hearing covering the SDWLP funding list and funding policies, as well as other items, will be held on June 25, 2003 in the GEF 2 building, 101 South Webster Street, in Madison.